

**Formulas for Determining Financial Impact  
Options Regarding Long-Term Future of Senior Lunch Program**

**FISCAL IMPACT**

The fiscal impact that providing a senior lunch program has on the Community Recreation Fund is at the heart of this issue. The following is the estimated impact each of the proposed alternatives would have on the Community Recreation Fund, which is directly subsidized by the City's General Fund.

Cost estimates are calculated at a maximum service level of 21,000 meals per year and a minimum service level of meals per year (set by proposer) and then multiplied by the price given by proposer, plus tax. All estimates for regular lunch service proposals include an additional cost of \$10,000 for City operations, such as materials and staff time involved in printing menus and overseeing the kitchen and lunch program. For proposals that included a per day labor fee, 250 days of service is used in those formulas. For alternative #1, a \$10,000 per year figure is used for the estimated increase in utility cost incurred by the private use of the senior kitchen. Revenue is based on an initial basic participant fee of \$4.50 per meal.

The expected fiscal impact for each alternative is:

**Alternative No. 1** - Culinary Magic Catering: Estimated annual cost to the City ranges between a positive \$2,669 and a subsidy of <\$23,789>. The potential subsidy will be added on to the existing financial imbalance in the Community Recreation Fund.

**Maximum Service Level of 21,000 meals X \$2.50 cost per meal + 8.25% Tax + \$10,000 City operations costs + \$10,000 utilities + labor fee \$15,000 (250 days X \$60.00) = Total Cost of \$91,831 - Revenue of \$94,500 (21,000 meals X \$4.50 participant fee per meal) = \$2,669 POSITIVE Net Difference**

**Minimum Service Level - of 25 meals per day X 250 days of service = 6,250 meals X \$2.50 cost per meal + 8.25% Tax = \$16,914 + \$10,000 additional utility costs + \$10,000 City operations costs + labor fee of \$15,000 (250 days X \$60.00) = Total Cost of \$51,914 - Revenue of \$28,125 (6,250 meals @ \$4.50 participant fee per meal) = <\$23,789> SUBSIDY Per Year.**

**Alternative No. 2** - Compass Group / Bateman Senior Meals, On-site Preparation - Estimated annual cost to the City ranges between a subsidy of <\$56,163> and <\$74,628>. The potential subsidy will be added on to the existing financial imbalance in the Community Recreation Fund.

**Maximum Service Level of 21,000 meals X \$7.00 cost per meal + 8.25% Tax + \$10,000 City operations costs = Total Costs of \$169,128 – Revenue of \$94,500 (21,000 meals X \$4.50 participant fee per meal) = <\$74,628> SUBSIDY Per Year.**

**Minimum Service Level of 60 meals per day X 250 days of service = 15,000 meals X \$7.00 cost per meal + 8.25% Tax + \$10,000 City costs = Total Costs of \$123,663 – Revenue of \$67,500 (15,000 meals @ \$4.50 participant fee per meal) = <\$56,163> SUBSIDY Per Year.**

**Alternative No. 3** - Compass Group / Bateman Senior Meals – partial On-site Preparation: Estimated annual cost to the City ranges between a subsidy of <\$28,132> and <\$35,524>. The potential subsidy will be added on to the existing financial imbalance in the Community Recreation Fund.

**Maximum Service Level of 21,000 meals X \$4.62 cost per meal + 8.25% Tax + \$10,000 City operations costs + Labor fee of \$15,000 (250 days X \$60.00) = Total Cost of \$130,024 – Revenue of \$94,500 (21,000 meals X \$4.50 participant fee per meal) = <\$35,524> SUBSIDY Per Year.**

**Minimum Service Level – of 25 meals per day X 250 days of service = 6,250 meals X \$4.62 cost per meal + 8.25% Tax + \$10,000 City costs + labor fee of \$15,000 (250 days X \$60.00) = Total cost of \$56,257 – Revenue of \$28,125 (6,250 meals @ \$4.50 participant fee per meal) = <\$28,132> SUBSIDY Per Year.**

**Alternative No. 4** - Compass Group / Eurest Dining: Estimated cost to the City (no range as proposal is based on one set fee) is an annual subsidy of <\$190,554> which will be added to the existing fiscal imbalance in the Community Recreation Fund.

**Maximum Service Level of 21,000 meals = \$230,997 total fee + 8.25% Tax = \$250,054 + 25,000 mgmt fee + \$10,000 City operations costs = Total Cost of \$285,054– Revenue of \$94,500 (21,000 meals X \$4.50 participant fee per meal) = <\$190,554> SUBSIDY Per Year.**

**Minimum Service Level – no minimum number of meals, based on a set fee (able to handle up to 90 meals per day). Result is the same as for maximum <\$190,554> SUBSIDY Per Year.**

**Alternative No. 5 - Events of Excellence:** The number of meals represented in this proposal's daily minimum charge of \$950.00 is an average of 85 meals per day. This number (85) is higher than the requested service level of 21,000 meals (21,000 meals divided by 250 days of service averages to 84 per day). Because the proposer's minimum is higher than the City's maximum service level, only the proposer's minimum will be used for comparison purposes. The potential subsidy will be added on to the existing financial imbalance in the Community Recreation Fund.

**Minimum Service Level – based on a daily fee paid by City of \$935.00 (85 meals) X 250 days of service + 8.25% tax = \$253,034 + \$10,000 City operations cost = Total Cost of \$263,034 – Revenue of \$95,625 (21,250 meals @ \$4.50 participant fee per meal) = <\$167,409> SUBSIDY Per Year.**

**Alternative No. 6 - Monthly Lunches:** This would be cost neutral as lunches would only be offered on a cost recovery basis. No formula needed.